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For Immediate Release

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CANADIAN CHARGED IN MULTI-MILLION DOLLAR INTERNATIONAL STOCK FRAUD RING

PHILADELPHIA - Acting United States Attorney Laurie Magid and Special Agent-in-Charge of the FBI Janice K. Fedarczyk today announced that a federal grand jury has returned an indictment¹ charging George Georgiou with conspiracy, securities fraud, and wire fraud for his role in an international stock fraud conspiracy that resulted in more than \$26 million in actual losses and hundreds of millions of dollars in intended losses. The indictment charges that Georgiou and his co-conspirators sought to manipulate the markets for four stocks publicly traded on the Pink OTC Markets Inc. (commonly known as the "Pink Sheets"), and the OTC bulletin board ("OTCBB"): Neutron Inc., Avicena Group, Inc., Hydrogen Hybrid Technologies Inc., and Northern Ethanol, Inc. Georgiou was a registered investment professional in Canada until 1995 when he was banned from acting as broker.

According to the indictment, Georgiou conspired with others in the United States, Canada, Turks and Caicos, and the Bahamas to manipulate the demand for, and prices of, the four companies' stocks. Georgiou and his conspirators intended to profit from the scheme by (1) selling the stocks when they reached an artificially inflated price; and (2) using the artificially inflated values of the stock as collateral to obtain loans in brokerage accounts often referred to as "margin."

"This fraud attacks the credibility of our financial markets at a time when individual investors have already suffered great losses and when legitimate small companies can ill afford yet another blow to their efforts to raise capital through stock offerings," Magid said. "The crimes charged reached across America and into Canada and the Caribbean. This prosecution shows that we will not be deterred by international borders in our efforts to protect Americans, and the markets upon which they rely, from fraud."

Georgiou and his co-conspirators owned significant amounts of the four companies' stocks. They opened brokerage accounts in various locations including Canada, the Bahamas, and Turks and Caicos in various names which they then used to engage in manipulative trading in the stocks. By trading the stocks among and between the various accounts they controlled, they

¹An indictment is an accusation. A defendant is presumed innocent unless and until proven guilty.

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artificially inflated the prices of the stocks and falsely made it appear that there was an active market for the stocks. Georgiou and his co-conspirators sold their shares at inflated prices for a profit and also used the artificially inflated stocks as collateral to fraudulently obtain margin and other cash loans of at least \$26 million from two Bahamian brokerage firms. When Georgiou caused trading losses in these accounts, the Bahamian brokerage firms were left with virtually worthless stocks as collateral. As a result, one of the firms was forced to liquidate its business.

“The defendant in this case engaged in an organized and on-going international scheme to manipulate and artificially inflate stock prices of publicly traded companies,” said Fedarcyk, “and in so doing defrauded all of the legitimate market investors who owned shares in these companies. The investment market, and the entire economy, suffers when individuals use deceitful means to unscrupulously cheat the system.”

Georgiou was arrested after allegedly agreeing to pay an undercover FBI agent a kickback to bribe brokers to purchase \$10 million worth of Northern Ethanol stock in their clients’ accounts. The FBI agent was posing as a person who had access to a network of corrupt brokers whom the agent could bribe to buy stock as part of the scheme. Georgiou is currently on house arrest in the United States pending trial.

INFORMATION REGARDING THE DEFENDANT

NAME	ADDRESS	AGE
George Georgiou	Camp Bell Ville, Ontario, Canada	39

If convicted of all charges, Georgiou faces a statutory maximum of 165 years imprisonment and a \$21.25 million fine. He also faces approximately 262-327 months under the advisory federal sentencing guidelines.

The case was investigated by the Federal Bureau of Investigation and the United States Securities and Exchange Commission. It is being prosecuted by Assistant United States Attorneys Derek A. Cohen and Louis D. Lappen.

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